leading 2030

External and internal view on leadership

PGGM

1A.
external view
on leadership

External view

Global trends of werk in 2030

Data & digitization

- Automation and digitization take over people's repetitive work.
- Big Data, AI, and new digital applications make IT crucial in the organization.
- All employees must learn a new language to realize the benefits of digitization.

Scarcity in the labor market

- The number of pensioners is increasing, and the number of available workers is decreasing.
- Competition in the labor market will be even fiercer in 2030 than today.
- The aging population creates more calls to invest in healthcare innovation and welfare.

Generations differ

- In 2030, the baby boomers will have retired, and generation Y will start saying goodbye to their employers.
- The labor market is shifting to generation Y & Z.
- Employment contracts are getting shorter, and work/life balance is receiving much attention.
- Purpose-driven organizations have a significant advantage.

Impact on organisations

1. A different way of working: **more flexible**, time and place independent, hybrid teams.

2. An even more **global playing field** due to increasingly disappearing borders.

3. Dealing with uncertainty & targeted **flexibility** is the greatest certainty.

4. Much **shorter employment contracts** and other contract forms are becoming (more) the norm.

5. **Data-driven** organization is essential.

6. The rationalization of decisions is increasing and goes hand in hand with the '**human component**.'

7. Talent development, personal development, and professional **development** are essential.

8. Purpose, meaning, and relevance are becoming crucial, as is **sustainability**.

9. Attracting employees focuses on **generations Y and Z** and becomes even more difficult.

10. Employee **self-management and autonomy** are increasing further.

External view

Global trends of werk in 2030

The flexibility of work
- 'Take work' is no longer reserved for paid employment.
- Private and work are increasingly intertwined. Working from home and elsewhere is a right.
- The bond between employer and employee is decreasing, and the mobility of the labor market is increasing.
- The make/buy/ally issue will soon play out on large domains and individual levels.
- While the regulatory and control pressure continues to increase, the need for guts and innovation also increases.

Changing landscape
- Today's PGGM VB/IB forms an excellent basis for successful work in 2030.
- Employer Value Propositions revolve around purpose, leadership, and the major M&O themes.
- The social desire for more compliance will go hand in hand with that for more change and guts.

Sustainability
- The social pressure on pension funds and their investment policy will increase sharply.
- Sustainable investing will increase exponentially in the coming years and radically change the AM field.
- 3D investing is not only of great importance to PGGM but at least as crucial to PFZW.

PGGM

The shortage of employees will further increase.

1A External view

Global trends in leadership

1. Flexibilization of the labor market leads to a **different relationship** between employer and employee.

2. Technology turns the **computer into a colleague** who takes over the repetitive work.

3. **Facilitating development**, both personal and professional, is becoming more critical.

4. **Dealing with uncertainty** becomes essential due to faster innovations and changes.

5. Because knowledge quickly becomes obsolete, work experience becomes less important.

    Adaptation speed is essential.

6. Leadership becomes more **listening, trusting, and caring** for wellbeing and mental health.

7. Asset managers must find **a new balance** between financial performance & sustainability.

8. Increasing regulatory pressure & compliance versus the need for **agility & guts** demand a new balance.

9. **Work and private life become even more fluid.** The 'control tasks' of managers are declining sharply.

10. Scarcity and society demand more **diversity and inclusion** from employers.

PGGM

Dealing with uncertainty becomes the biggest certainty

1A

Leadership trends

Future leaders…

1. lead constant change and **create resilience**.

2. **facilitate agility** of teams and employees.

3. are **environmentally aware**, self-aware, and invest in their leadership.

4. do not derive status from hierarchy and expertise but from **connecting coaching**, inspiration, etc.

5. take responsibility for their **impact** on others and the world around them.

6. create **trust** through openness, transparency, and high moral authority.

7. give meaning to **purpose** and create pride, energy, and involvement.

8. have a vision, can **think strategically**, and inspire.

9. build **self-managing, high performance teams** that work excellently together with other teams.

10. are change, technology, **data, and people driven**.

1B.
internal view
on leadership

Internal view

Key insights from research and surveys on PGGM

1. **Almost all colleagues expect many changes** on the way to work in 2030. Although the vast majority of colleagues feel capable of these changes, they do doubt their colleagues and the cooperation between teams. **There is considerable doubt whether the 2030 vision will succeed** and whether all its qualities are in-house. However, the cause of this is not sought in oneself but in the other.

2. **Colleagues see their manager as reliable, empathetic, and coaching**. People experience great freedom to do their work in their way and feel stimulated by their manager to develop themselves. They also see that their team is involved in decision making and the communication of the decisions is clear.

3. On the other hand, there is a **loud demand for more decisiveness** among managers, followed by inspiration. Colleagues want improvements in development opportunities, remuneration, and recognition.
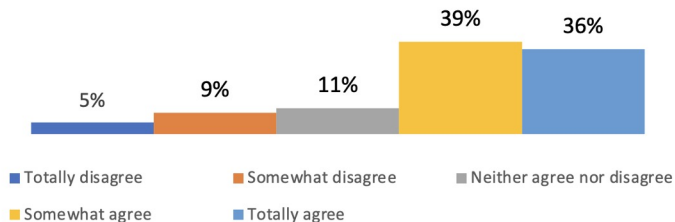
Insights Future of Work survey

Almost everyone shares the expectation that a lot will change

75% of IM employees expect many changes in their work in 2030.

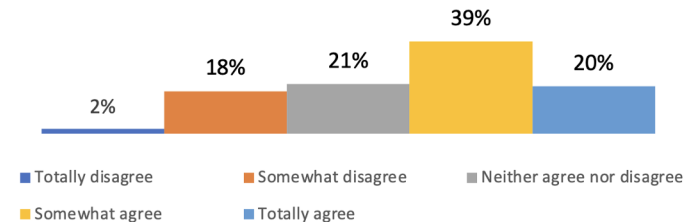The need for change is felt less within the VB chain (59%).

We expect many changes,

but think that the need is not felt that much yet.

I expect significant change(s) in what work will look like in 2030 within the VB chain.

- 5% — Totally disagree
- 9% — Somewhat disagree
- 11% — Neither agree nor disagree
- 39% — Somewhat agree
- 36% — Totally agree

■ Totally disagree ■ Somewhat disagree ■ Neither agree nor disagree
■ Somewhat agree ■ Totally agree

Within the VB chain, the need to change is felt in order to prepare for the future.

- 2% — Totally disagree
- 18% — Somewhat disagree
- 21% — Neither agree nor disagree
- 39% — Somewhat agree
- 20% — Totally agree

■ Totally disagree ■ Somewhat disagree ■ Neither agree nor disagree
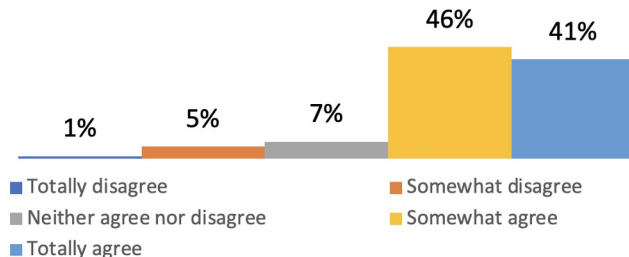■ Somewhat agree ■ Totally agree

PGGM

Insights Future of Work survey

Almost everyone believes that work will change significantly

A vast majority believe the changes will affect their work in the coming years. Collaboration between departments seems to become a problem (only 44% of the respondents expect it will not be a problem).
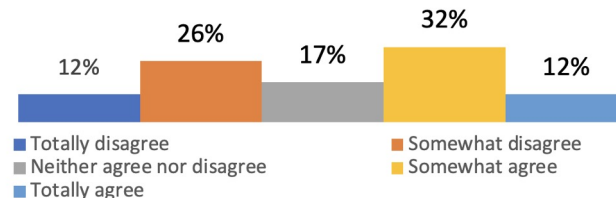
Almost everyone believes work will change significantly.

Collaboration between departments becomes a problem.

I expect that the developments within the VB chain will have an impact on me/my work in the coming years.

46%
41%
1%
5%
7%

■ Totally disagree
■ Neither agree nor disagree
■ Totally agree
■ Somewhat disagree
■ Somewhat agree

I expect that cooperation between departments in the VB chain will not be an obstacle to achieving our Vision 2030.

12%
26%
17%
32%
12%

■ Totally disagree
■ Neither agree nor disagree
■ Totally agree
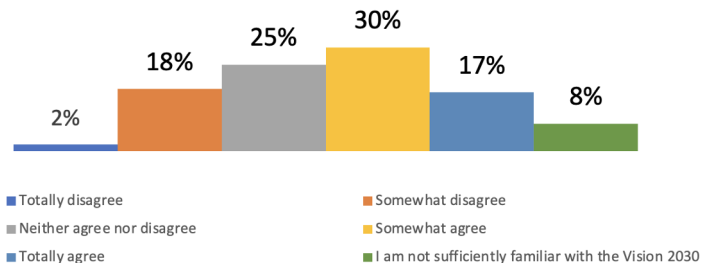■ Somewhat disagree
■ Somewhat agree

PGGM

1B Insights Future of Work survey

There is hesitation as to whether Vision 2030 will be a success.

Confidence that the 2030 vision will be a success is not excessive. Many people doubt. There are doubts about whether the qualities are present in-house to make the 2030 vision successful.
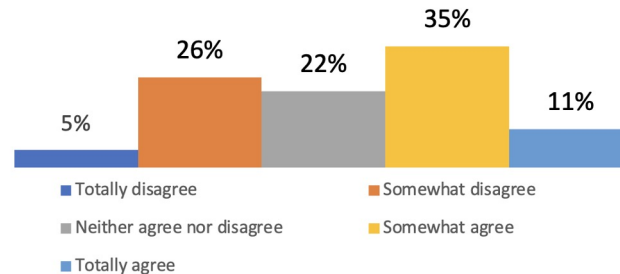
We are hesitant about the realization of the 2030 vision...

I am confident that our Vision 2030 will be a success.

Response	%
Totally disagree	2%
Somewhat disagree	18%
Neither agree nor disagree	25%
Somewhat agree	30%
Totally agree	17%
I am not sufficiently familiar with the Vision 2030	8%

■ Totally disagree
■ Neither agree nor disagree
■ Totally agree
■ Somewhat disagree
■ Somewhat agree
■ I am not sufficiently familiar with the Vision 2030

...and whether the organization has the required qualities.

Within the VB chain, all qualities are available to make the Vision 2030 a success.

Response	%
Totally disagree	5%
Somewhat disagree	26%
Neither agree nor disagree	22%
Somewhat agree	35%
Totally agree	11%

■ Totally disagree
■ Neither agree nor disagree
■ Totally agree
■ Somewhat disagree
■ Somewhat agree

PGGM

We expect significant changes, and everyone thinks they are ready for it, but there is doubt about the other and whether the vision 2030 will be realized
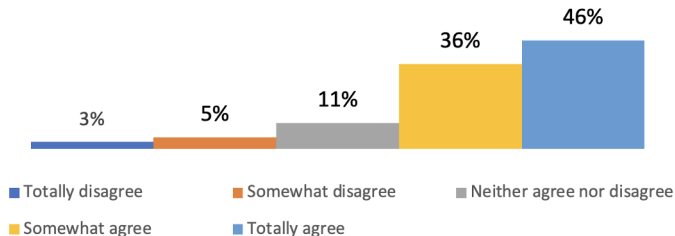
Insights Future of Work survey

Teams are involved, and decisions are communicated clearly

Four out of five colleagues believe their manager gathers sufficient input from them for good decision-making and that decisions are communicated understandably.
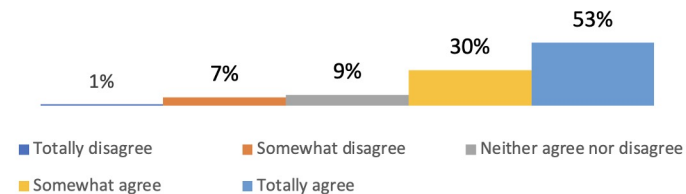
The manager collects sufficient input

and communicates decisions understandably.

My manager collects sufficient input from our team to enable good decision-making.

- 3% Totally disagree
- 5% Somewhat disagree
- 11% Neither agree nor disagree
- 36% Somewhat agree
- 46% Totally agree

My manager communicates decisions in a way that I can understand.

- 1% Totally disagree
- 7% Somewhat disagree
- 9% Neither agree nor disagree
- 30% Somewhat agree
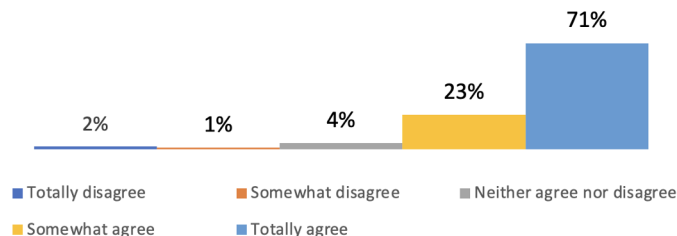- 53% Totally agree

PGGM

Insights Future of Work survey

People feel their manager creates significant freedom

Almost everyone feels free to work in their own way (95% is positive). The vast majority also feel stimulated by their manager on their continuous development.

Everyone feels great freedom in their job

My manager enables me to do my work in my own way.

2%   1%   4%   23%   71%

■ Totally disagree   ■ Somewhat disagree   ■ Neither agree nor disagree
■ Somewhat agree   ■ Totally agree

and stimulation to develop.

My manager encourages me to develop continuously.

1%   6%   15%   37%   41%

■ Totally disagree   ■ Somewhat disagree   ■ Neither agree nor disagree
■ Somewhat agree   ■ Totally agree
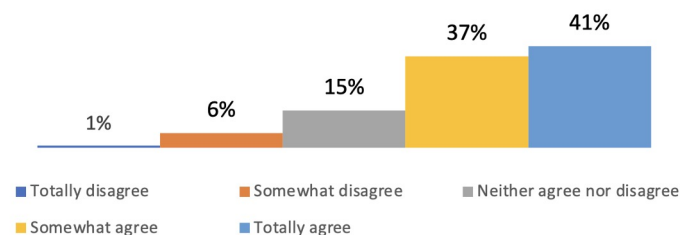
1B Insights Future of Work survey
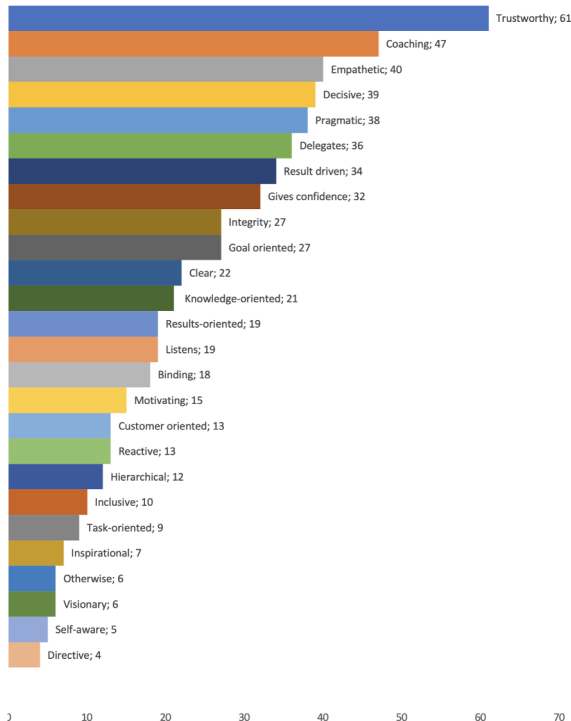
significant demand for decisiveness

Leadership is currently mainly associated with **reliability, coaching, and empathy**.

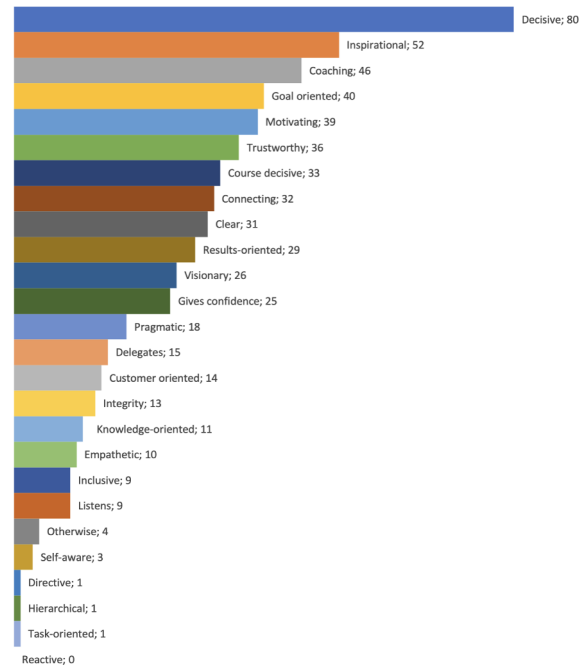However, there is a prominent demand for **decisiveness and inspiration**.

Current leadership style

What do you think are the 3 most appropriate descriptions of the leadership style of your current manager?

- Trustworthy; 61
- Coaching; 47
- Empathetic; 40
- Decisive; 39
- Pragmatic; 38
- Delegates; 36
- Result driven; 34
- Gives confidence; 32
- Integrity; 27
- Goal oriented; 27
- Clear; 22
- Knowledge-oriented; 21
- Results-oriented; 19
- Listens; 19
- Binding; 18
- Motivating; 15
- Customer oriented; 13
- Reactive; 13
- Hierarchical; 12
- Inclusive; 10
- Task-oriented; 9
- Inspirational; 7
- Otherwise; 6
- Visionary; 6
- Self-aware; 5
- Directive; 4

Preferred leadership style

What do you think are the 3 most appropriate descriptions of the leadership needed to be a successful organization in 2030?


- Decisive; 80
- Inspirational; 52
- Coaching; 46
- Goal oriented; 40
- Motivating; 39
- Trustworthy; 36
- Course decisive; 33
- Connecting; 32
- Clear; 31
- Results-oriented; 29
- Visionary; 26
- Gives confidence; 25
- Pragmatic; 18
- Delegates; 15
- Customer oriented; 14
- Integrity; 13
- Knowledge-oriented; 11
- Empathetic; 10
- Inclusive; 9
- Listens; 9
- Otherwise; 4
- Self-aware; 3
- Directive; 1
- Hierarchical; 1
- Task-oriented; 1
- Reactive; 0

PGGM

18

Insights Future of Work survey

Big shifts

1. **Decisiveness** 'doubles' (2x as many people mention it)
2. **Inspiration** is mentioned seven times as often
3. **Motivation** is rapidly increasing
4. **Empathy** decreases sharply (from 40x to 10x), and **reliability** is also mentioned less (61>36)**.**

Current leadership style

What do you think are the 3 most appropriate descriptions of the leadership style of your current manager?
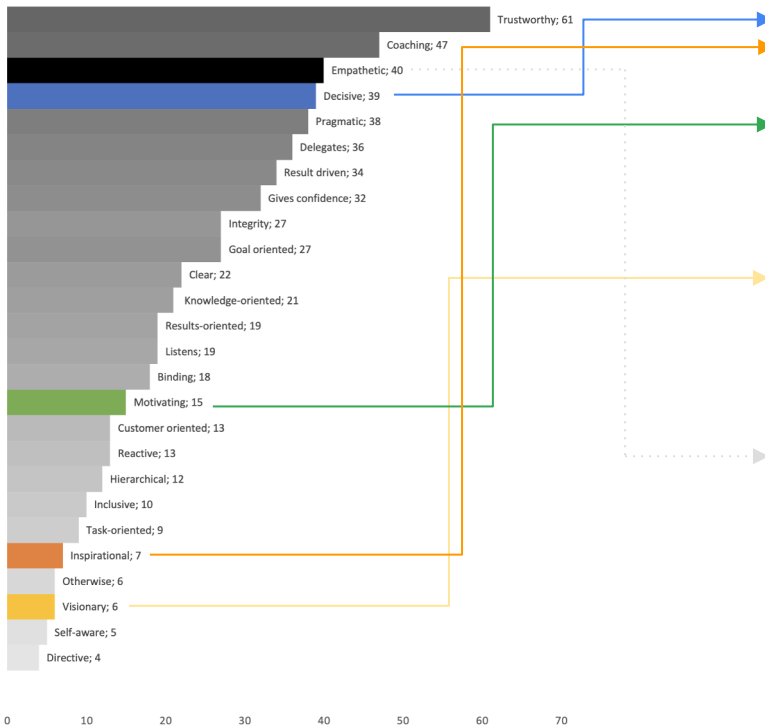
Preferred leadership style

What do you think are the 3 most appropriate descriptions of the leadership needed to be a successful organization in 2030?
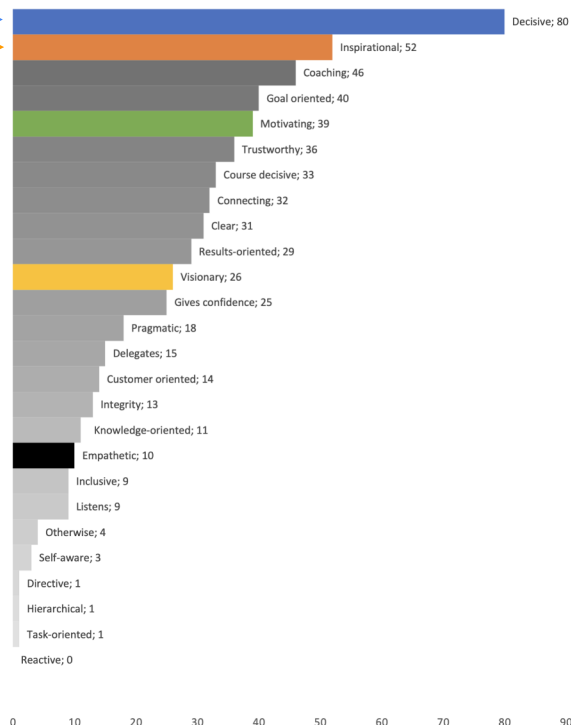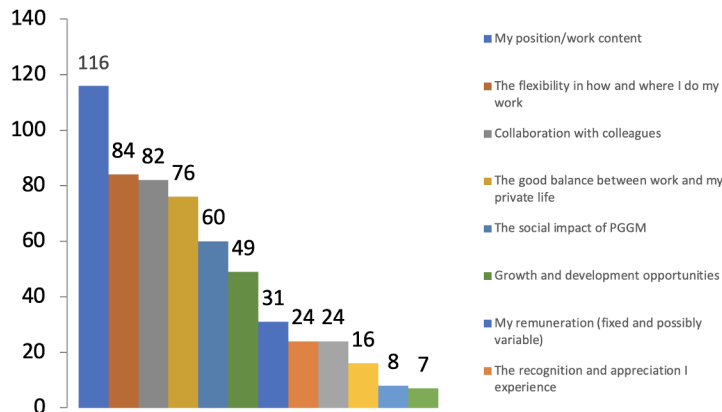
Insights Future of Work survey

Position and content of work are the main reasons for working at PGGM

Job content was the most frequently mentioned reason for working at PGGM. Colleagues would like to see improvements in growth and development opportunities, remuneration and recognition, and appreciation.
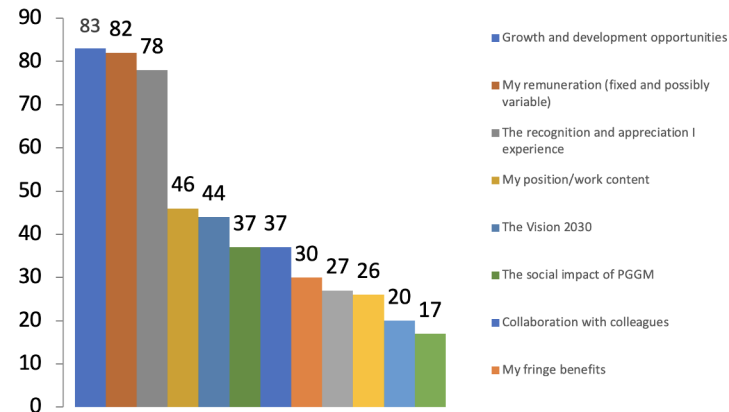
Position and job content are way up there...

Select the 3 most important reasons for you to (continue to) work at PGGM:

- ■ My position/work content
- ■ The flexibility in how and where I do my work
- ■ Collaboration with colleagues
- ■ The good balance between work and my private life
- ■ The social impact of PGGM
- ■ Growth and development opportunities
- ■ My remuneration (fixed and possibly variable)
- ■ The recognition and appreciation I experience

... and there is room for improvement.

Select the 3 most important reasons for you to improve in order to continue working at PGGM:

- ■ Growth and development opportunities
- ■ My remuneration (fixed and possibly variable)
- ■ The recognition and appreciation I experience
- ■ My position/work content
- ■ The Vision 2030
- ■ The social impact of PGGM
- ■ Collaboration with colleagues
- ■ My fringe benefits

There is significant demand for decisiveness, vigor, and inspiration

Employee survey insights

Team and manager are friendly; things get exciting outside their own team

Satisfaction with the work
In general, employees are happy with the work they do. It gives them pleasure and energy, and they see that this contributes to PGGM's success.

Collaboration within teams is going well, but between teams needs improvement
People are positive about the cooperation within the teams and have confidence in their direct colleagues, supervisor, and the team. In the teams, people dare to give each other feedback and feel free to express their own opinion. However, teams are very focused on themselves. The interaction between teams is not going as well. People experience islands, silo thinking, and complex collaboration between teams.

The direct manager scores high, less confidence in the EC and unit MTs
The direct manager is highly valued. They provide confidence, set a good example, and there is sufficient interest in the individual. The regular conversation about development does need improvement. Lower is confidence in the leadership as a whole, the EC, and the unit MTs (top 30). The layer below the top 30 indicates that they experience less stimulation for personal development and less confidence and appreciation. This group also has less confidence in PGGM's strategy and future. There is a desire for clear(er) goals and priorities.

An important group to be alert to is those between 5 and 10 years of employment. This group is critical and has a stronger intention to leave. This is also apparent from the retention survey.

1B Insights from employee interviews

The culture is kind and friendly but also indirect and avoidant.

PGGM's culture is described as **kind and friendly** but also as an **indirect** culture, conflict & responsibility avoidant and **risk-averse**. Multiple people are responsible for each issue. **Meetings** are with many people, everyone can have a say, and matters are discussed repeatedly. It **spreads out the responsibility** and makes work slow. That is worrying when you consider the pace of change we have to cope with. We should work on a culture in which we think and act faster and want to win together.

This can also be seen in the **interaction with PFZW**. The core value of being humble has gone too far in customer submission, subservient, servile, and docile. As PGGM, **we do not take responsibility** for this and are not firm in dialogue with PFZW. The culture is also described as focused on **manageability and controllability**. There is a formalistic control with a slow pace. It revolves around control groups, exception reporting, and compliance. The positive side is that everything is **very solid, well thought out, and of high quality**.

1B Insights from employee interviews

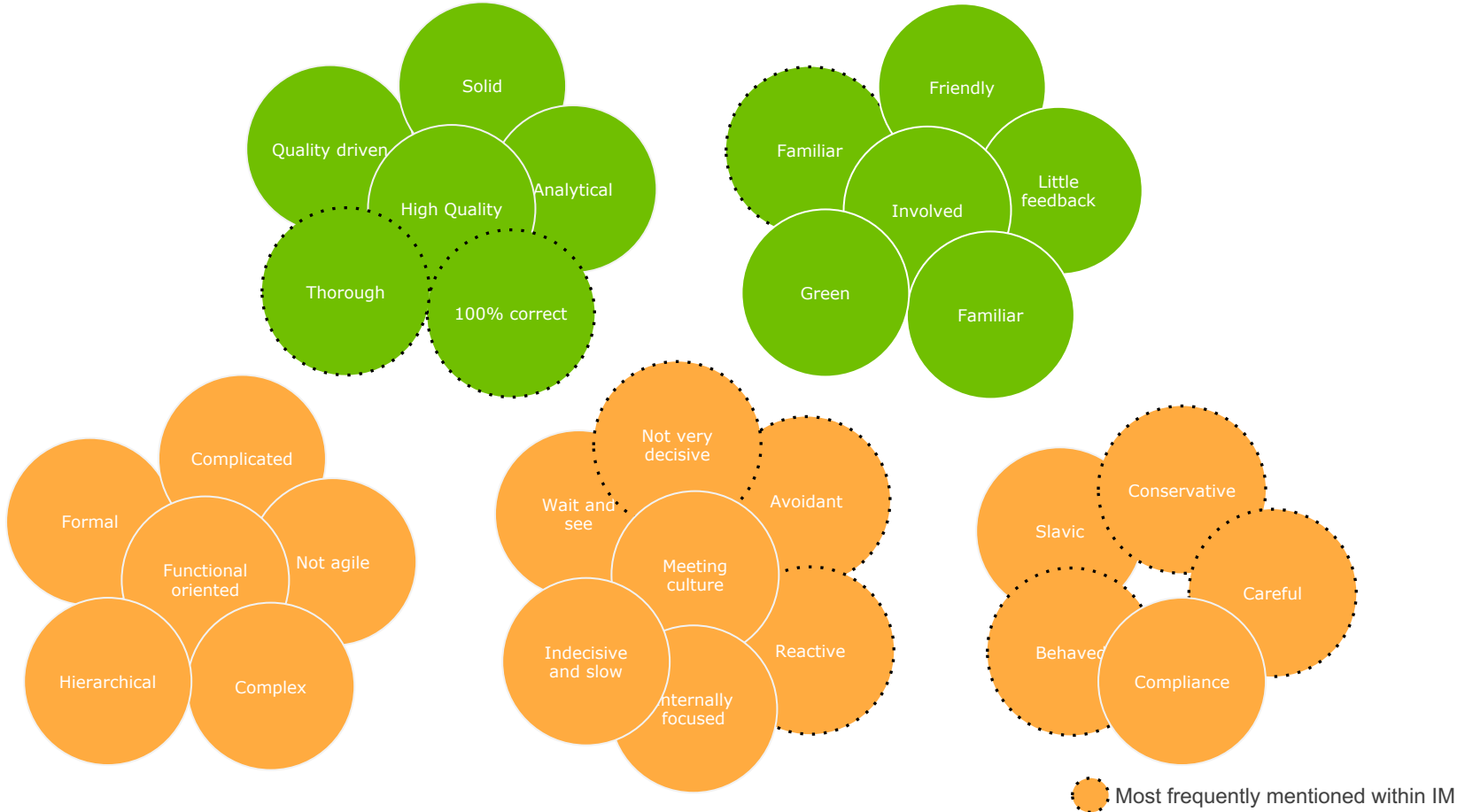*Decisiveness and inspiration are the essential building blocks for tomorrow's leadership*

In the PGGM-wide interviews, making **decisive choices** in the strategy, building exemplary leadership, and creating the right capabilities to implement the strategy were mentioned as necessary to succeed. **Collaboration between the different levels of leadership** is crucial and does not seem to work well.

The plans and strategies within the units are seen as insufficiently concrete and with too little cohesion. As a result, everyone gives it their personal interpretation. There is great demand for **clear choices, more focus and vision**. The feeling is that currently, insufficient focus and vision and a lack of decisiveness lead to confusion and ambiguity in the organization.

Description of the culture in interviews

- Solid
- Quality driven
- Analytical
- High Quality
- Thorough
- 100% correct

- Friendly
- Familiar
- Little feedback
- Involved
- Green
- Familiar

- Complicated
- Formal
- Not agile
- Functional oriented
- Hierarchical
- Complex

- Not very decisive
- Wait and see
- Avoidant
- Meeting culture
- Indecisive and slow
- Reactive
- Internally focused

- Conservative
- Slavic
- Careful
- Behaved
- Compliance

Most frequently mentioned within IM

We do a decent job, are friendly, careful, and not too decisive.